



State of Utah
School & Institutional
Trust Lands Administration

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October 9, 2008

Basin Perlite Co.
1400 Sixteenth St., Suite 200
Denver, CO 80202

RE: Expiration of ML 3092-Perlite Lease

Gentlemen:

Mineral lease ML 3092 for Perlite Rock was issued by the State of Utah effective September 16, 1949 conditioned upon the right of the State to readjust the terms and conditions of the lease at the end of each 20 year period from the first day of the year in which the lease was issued. The end of the next such twenty year period is January 1, 2009 at which time the state would readjust the terms and conditions of the lease.

However, the terms and conditions of the original lease stipulate that the lease may be extended beyond the primary term of ten (10) years only so long as the lessee is producing the leased substances in commercial quantities from the leased premises. Lessee ceased production of the leased substances in commercial quantities from the leased premises over one year ago, and is in fact in the process of reclaiming the Pearl Queen Mine under the direction of the Utah Division of Oil, Gas & Mining.

Accordingly, this lease will expire of its own terms and condition at the end of Calendar year 2008 (thru which period annual lease rentals have been paid.) All rights granted to the lessee under ML 3092 will terminate at the end of December 31, 2008, except that the lessee may reasonably enter the leased premises for the purpose of timely completing reclamation of the Pearl Queen Mine under the direction of the Division of Oil, Gas & Mining.

Sincerely,

John T. Blake
Trust Land Specialist

CC: Tom Munson